



OPENING STATEMENT CHAIRMAN SAM JOHNSON (R-TX)
SUBCOMMITTEE ON SOCIAL SECURITY
PREVENTING DISABILITY SCAMS
FEBRUARY, 26, 2014

(REMARKS AS PREPARED)

As part of my on-going efforts as Chairman to root out fraud and waste in the Social Security Disability Insurance program, we are here on behalf of the 11 million people with disabilities and their families and hard-working taxpayers American demanding action from Social Security. We need answers on how it will prevent conspiracy fraud in the Social Security Disability Insurance program.

In September 2013 and more recently in January, this Subcommittee held two hearings on disability conspiracy fraud occurring in Puerto Rico and New York City.

Just yesterday we learned about 28 more indictments in the ongoing New York conspiracy investigation, including 16 former New York police officers and five New York fire fighters. To date, almost \$30 million has been stolen from taxpayers in this case alone.

Last October, the Senate Homeland Security and Governmental Affairs Committee released the shocking results of their bipartisan investigation detailing abusive conduct and collusion between a law firm, a Social Security Administrative Law Judge and local doctors in West Virginia in approving benefits.

Two themes run through all these alarming cases. First, these cases involve professionals. A shadowy industry of doctors, lawyers and enablers, such as former Social Security employees, who know it pays to break the law.

Second, while front line employees ultimately detected these conspiracies, preventing fraud from occurring in the first place was not a priority for Social Security's leadership.

Catching bank robbers before they get the cash is a lot easier than trying to recover the stolen money later. It's commonsense.

During last month's hearing, Commissioner Colvin told us that she considered it a success that Social Security staff discovered the fraud in Puerto Rico and New York.

Let me be clear: that's not how I define success. More importantly, I don't think that's how those who count on these benefits or the taxpayers who support the program would define success.

Success is ***not*** discovering massive fraud. Success is preventing it in the **first place**. Preventing fraud is what Social Security has to start doing now.

At the January 16th hearing, I asked Acting Commissioner Colvin to give us a plan on ways to help stop organized fraudsters. I have since met with the Acting Commissioner and appreciate that she delivered that plan to us before the 30-day deadline. I look forward to discussing it today.

Further, I have asked the Social Security Inspector General to do a full investigation of Social Security's management and their failure to prevent fraud conspiracies such as in Puerto Rico and New York. The IG's report will be important in determining whether Social Security is truly committed to preventing fraud conspiracies.

Also with us today is a panel of public and private sector experts with their recommendations on preventing disability fraud.

In the past, Congress has sent Social Security billions of taxpayer dollars in extra funding to make sure those on the rolls deserve to be there. That's not only expensive, but also an ineffective and inefficient way to find the fraudsters on the dole. It also doesn't find the crooks that help them get an illegal check. Enough is enough.

Money alone won't change Social Security's culture of pay-first and chase-later. Social Security's credibility is on the line.

Further, how can Social Security even begin to ask for a bigger budget from hard-working, struggling taxpayers:

- when, since the recession began in 2008, it paid out about \$244 million in employee bonuses;
- when it spends close to \$15 million each year for employees to do union work instead of Social Security work, and
- when it's spending over \$5 million fixing the damage of the Puerto Rico case with more spending to follow in the New York case.

I'd like to add for the record that Social Security will receive full funding to conduct continuing disability reviews.

But the bottom-line is that preventing fraudsters from getting on the rolls in the first place will only happen if Social Security makes a complete and genuine commitment to end this pay-first and chase-later culture.

Crimes against the program cheat hard working Americans and honest beneficiaries. It must stop now. Americans want, need, and deserve no less.